

Message Text

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ACTION ARA-14

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SUBJECT: INDEMNIFICATION OF LAND EXPROPRIATED IN SONORA
IN NOVEMBER 1976

SUMMARY: VARIOUS MEXICAN DAILIES REPORTED AUGUST 26 THAT
LANDOWNERS OF THE MAYO AND YAQUI VALLEY IRRIGATION
DISTRICTS IN SONORA HAVE REACHED AN AGREEMENT WITH THE
SECRETARIAT OF AGRARIAN REFORM (SRA) TO ACCEPT 680 MILLION
PESOS IN INDEMNIFICATION FOR 17,660 HECTARES OF THE TOTAL
37,660 OF IRRIGATED LAND WHICH WERE IN EFFECT EXPROPRIATED
LAST NOVEMBER BY FORMER PRESIDENT ECHEVERRIA. ONE MILLION
PESOS WILL BE PAID IN BONDS ISSUED BY THE BANCO NACIONAL
DE CREDITO RURAL, WITH THE BALANCE TO BE PAID CASH WITHIN
30 DAYS. ACCORDING TO THE AGREEMENT, THESE FUNDS WILL
BE SPENT IN MEXICO, THE ONLY EXCEPTION BEING THOSE USED TO
MEET PRIOR FOREIGN INDEBTEDNESS. WHILE NEITHER SIDE IS
TOTALLY SATISFIED, PEACEFUL SETTLEMENT OF THE SONORA LAND
PROBLEM SHOULD HELP RESTORE CONFIDENCE AND POSSIBLY LEAD
TO GREATER PRIVATE-SECTOR INVESTMENT IN THE HARD-PRESSED
AGRICULTURAL AREA. END SUMMARY.

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1. LEAD ARTICLE IN AUGUST 26, EXCELSIOR HIGHLIGHTED PRESS
CONFERENCE WHERE AGRARIAN REFORM SECRETARY ROJO LUGO
ANNOUNCED THE GOM WOULD PAY INDEMNIFICATION FOR LAND
EXPROPRIATED IN MAYO AND YAQUI VALLEY DISTRICTS.
COMPENSATION WILL TOTAL 680 MILLION PESOS FOR 17,660
HECTARES OF IRRIGATED LAND. AVERAGE PRICE OF 38,491.65

PESOS PER HECTARE WILL BE PAID TO 792 "SMALL" LANDOWNERS (PEQUENOS PROPIETARIOS). ACCORDING TO PRESS REPORTS OF THE AGREEMENT, FUNDS PAID FOR INDEMNIFICATION WILL BE DIRECTED TO AGRO-INDUSTRY INVESTMENT IN MEXICO, ALTHOUGH SOMD FUNDS (UNSPECIFIED) MAY BE USED TO MEET PRIOR FOREIGN OBLIGATIONS. OF TOTAL AMOUNT WHICH WILL BE PAID TO SONORA FARMERS, ONE MILLION PESOS ARE TO BE PAID FROM BONDS ISSUED BY THE RURAL CREDIT BANK, WITH THE BALANCE GIVEN IN CASH WITHIN 30 DAYS.

2. SINCE THE SONORA FARMERS FIRST ACCEPTED PRESIDENT LOPEZ PORTILLO'S MAY OFFER TO COMPENSATE THEM FOR 17,660 OF THE HECTARES OF LAND EXPROPRIATED BY PRESIDENTIAL DECREE IN NOVEMBER, THERE HAVE BEEN WIDE DISCREPANCIES CONCERNING THE APPROPRIATE PRICE PER HECTARE. THE GOM HAD OFFERED TO COMPENSATE LANDOWNERS FOR APPROXIMATELY 47 PERCENT (17,600) OF ALL THE IRRIGATED LAND (37,600) SEIZED IF THE FARMERS WOULD AGREE TO DONATE THE REST (20,000 HECTARES). ORIGINALLY, THE FARMERS DEMANDED 60,000 PESOS PER HECTARE, BUT SRA COUNTERED WITH A MUCH LOWER FIGURE. AT THE REQUEST OF SRA THE NATIONAL ASSESSMENT COMMISSION ASSESSED THE LAND. THE COMMISSION'S STUDY SUBSEQUENTLY VALUED THE FARMERS' LAND AT ABOUT 38,000 PESOS PER HECTARE. AT FIRST THE LANDOWNERS REFUSED TO ACCEPT THIS ASSESSMENT AND DEMANDED 50,000 PESOS. AFTER SEVERAL MEETINGS WERE HELD WITH PRESIDENT LOPEZ PORTILLO, HOWEVER, THE LANDOWNERS AGREED TO THE ASSESSMENT COMMISSION'S FIGURE OF 38,491.65 LIMITED OFFICIAL USE

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PESOS PER HECTARE. IN ACCEPTING THIS AGREEMENT FOR THE SONORA FARMERS, SALMON FAZ SANCHEZ ISSUED A STATEMENT THAT "SINCE LOPEZ PORTILLO HAS BEEN IN POWER THERE HAS BEEN SUPPORT AND GUARANTEES FOR THE PRIVATE FARM LANDOWNERS."

3. PREVIOUSLY, ON AUGUST 12, SRA ANNOUNCED THE COMPENSATION OF THE RIO MUERTO AGRICULTURAL LANDS EXPROPRIATED DURING THE FALL OF 1975. PRIOR TO THE EXPROPRIATION, VIOLENCE BROKE OUT IN AN INCIDENT WHERE THE THEN GOVERNOR OF SONORA, ARMANDO BIEBRICHT, ORDERED INVADING CAMPESINOS REMOVED WITH THE RESULT OF SOME CAMPESINO DEATHS. THE VALUE PER HECTARE PAID TO THE PRIVATE FARMERS WAS 31,700 PESOS. COMMENT: BY NATURE OF THIS COMPENSATION LEVEL BY SRA, IT ESSENTIALLY SET A FLOOR ON THE VALUE OF THE INDEMNIFIED LAND OF THE YAQUI AND MAYO DISTRICTS.

4. IN A SEPARATE INTERVIEW ON AUGUST 25, THE LOCAL AGRICULTURAL AGENT IN CIUDAD OBREGON ATTEMPTED TO CLAIM THAT THE NOVEMBER EXPROPRIATION HAD HAD NO NEGATIVE EFFECT ON THIS YEAR'S WHEAT PRODUCTION. EMBASSY AGATT OFFICE, HOWEVER, CONSIDERS HIS COMMENT WHOLLY POLITICAL. WHILE

FACTORS SUCH AS LEAF RUST, UNFAVORABLE WEATHER AND LACK OF IRRIGATION WATER WERE ALL SIGNIFICANT, THE FREQUENT LAND INVASIONS AND UNREST DURING CALENDAR YEAR 1976, CULMINATING WITH THE SONORA EXPROPRIATION, DELAYED WHEAT PLANTINGS AND WAS CERTAINLY A CRUCIAL FACTOR IN THE GOM'S RECENT WHEAT IMPORTS OF 600,000 METRIC TONS. THERE IS ALSO SOME EVIDENCE THAT UNCERTAINTIES OVER LAND TENURE LED TO IMPROPER TREEZMENT OF WHEAT FIELDS AND CONSEQUENT RUST INFESTATION.

5. OF THE 9,000 PEOPLE AWARDED LAND AS A RESULT OF THE NOVEMBER EXPROPRIATION, SRA HAS CONCEDED THAT MORE THAN 2,000 NEVER TOOK POSSESSION. SRA OFFICIALS HAVE NO EXPLANATION FOR THIS OTHER THAN TO SAY THAT THEY HAVE NEVER HAD TIME TO ANALYZE THE SITUATION. LOCAL SRA LEADER FUNES LIMITED OFFICIAL USE

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 PA-01
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SAID THAT OF THE REMAINING LAND TRACTS TO BE AWARDED, IF ANY, ONLY BONA FIDE EJIDATARIOS WILL RECEIVE THEM AND THAT WORKERS LEFT WITHOUT EMPLOYMENT DUE TO THE EXPROPRIATION WILL ALSO BE CONSIDERED ELEGIBLE TO RECEIVE LAND.

6. COMMENT: AFTER PROTRACTED AND SOMETIMES BITTER

NEGOTIATIONS, PEACEFUL SETTLEMENT OF THE SONORA LAND
DISPUTES SHOULD HELP RESTORE CONFIDENCE AND HOPEFULLY
INVESTMENT AMONG LANDOWNERS IN THE AGRO-COMMERCIAL SECTOR.
NEITHER SIDE IS COMPLETELY SATISFIED, ALTHOUGH THE FINAL

SETTLEMENT IS CLOSER TO THE SRA PREFERRED FIGURE THAN THE
60,000-PESO PER HECTARE ORIGINALLY DEMANDED BY THE LAND-
OWNERS. THE REQUIREMENTS THAT THE MONEY AWARDED AS
COMPENSATION BE SPENT IN MEXICO PROBABLY CANNOT BE
EFFECTIVELY ENFORCED. INDEED, MANY OF THE AFFECTED FARMERS
ARE REPORTEDLY HEAVILY IN DOLLAR DEBT AND WILL NO DOUBT USE
THESE FUNDS FOR DEBT REPAYMENT. AS FOR FUTURE INVESTMENT
IN AGRO-INDUSTRY, MANY FARMERS CLAIM THEY WOULD NOT INVEST
THEIR MONEY IN THIS MANNER, ALLEGEDLY FOR FEAR OF FUTURE
EXPROPRIATIONS. SINCE ASSUMING OFFICE IN DECEMBER, LOPEZ
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PORTILLO AND HIS ADVISORS HAVE MADE A SERIOUS EFFORT TO
REDUCE POLITICAL AGITATION IN THE COUNTRYSIDE, INCREASE
SUPPORT PRICES, AND OTHERWISE ENCOURAGE PRODUCTIVE
LANDOWNERS TO MAKE GREATER INVESTMENTS IN AGRICULTURE.
WHILE THIS EFFORT TO DATE HAS ONLY BEEN PARTIALLY
SUCCESSFUL, RECENT DEVELOPMENTS SUCH AS THE SONORA LAND
SETTLEMENT AND THE REELECTION OF A MODERATE, OSCAR RAMIREZ
MIJARES, AS PRESIDENT OF THE PRI-CONTROLLED NATIONAL
CAMPESENO CONFEDERATION (CNC) SHOULD EVENTUALLY HELP TO
RESTORE CONFIDENCE AND IMPROVE THE AGRICULTURAL OUTLOOK
IN 1978, ALTHOUGH DEMANDS FOR REPARTITION OF LANDS
CONTINUES. LUCEY

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